

Legislative Fiscal Bureau

Fiscal Note

SF 344 - Regulatory Reform Package (LSB 2957 SV)

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Fiscal Note Version — New

Description

Senate File 344 makes several changes in Iowa law relating to various statutory and regulatory requirements that impact business, employers and employees, property rights, and the environment. Changes include, but are not limited to the following:

- Establishes the Punitive Damages Standard Act and provides a standard of actual malice for liability for punitive damages, provides for a clear and convincing evidence standard, allows a bifurcated trial on the question of whether the defendant is liable for punitive damages, and generally limits the amount of a punitive damages award to twice the amount of compensatory damages.
- Eliminates indexing of the maximum weekly unemployment compensation benefit amount and the taxable wage base by capping the benefit amount for each dependent and by capping the taxable wage base at the current \$19,200.
- Adds a number of new requirements for an individual to be able and available for work in order to be eligible for unemployment benefits.
- Establishes a one-week waiting period in which an individual would not receive unemployment benefits for the first week they are unemployed.
- Requires an individual to have a minimum of 20 weeks of employment in the base period to be eligible for unemployment compensation benefits.
- Increases the earnings requirement for a second unemployment compensation benefit year claim from \$250 to ten times the individual's weekly benefit amount.
- Eliminates plant closing benefits under Unemployment Compensation. An employee who is laid off, due to a plant closing, would receive one half of the wage credits instead of one third of the wage credits.
- Provides that an individual will be disqualified for unemployment compensation if they are in labor negotiations and the employer performs a lock out of the employees.
- Defines traumatic and cumulative injury and provides for apportionment of worker's compensation benefits. Employers will only be responsible for paying workers compensation benefits directly tied to injuries or illness sustained on the job without regard to pre-existing injuries or illness.
- Requires the Labor Commissioner or Commissioner's representative in performing occupational safety inspections and investigations to inspect and investigate only businesses for which the representative received industry-specific training.
- Requires the labor commissioner to increase training and consultation services prior to implementation of new occupational safety standards.
- Specifies disclosure and confidentiality requirements of safety audit reports. Specifies that a person who violates the confidentiality requirement is guilty of a simple misdemeanor.
- Requires the Labor Commissioner to develop a safety auditor training program and allows fees to be charged to cover the cost of the training.
- Specifies that costs associated with implementing the provisions of the Bill related to the safety audit are to be funded by a General Fund appropriation to the Labor Commissioner in the Department of Workforce Development.

Assumptions

1. The provisions of the Bill related to pleading punitive damages would result in a hearing before the court. The hearing would involve a District Court Judge (\$60/hr), a Court Reporter (\$25/hr), and a Court Attendant (\$15/hr). The procedure would take approximately four to eight hours per case. Each case would increase the Clerk's office workload with a half hour of additional work per case (\$15/hr). The number of additional cases as a direct result of this provision of the legislation is unknown. However, the cost per case would be approximately \$400 to \$800.
2. The provisions of Senate File 344 related to the bifurcated jury trial would increase the courts workload. The bifurcated jury trial would increase the time of the jury (\$260/day) as well as the time of the courts. The additional court time would be approximately 8 to 12 hours per case. Assuming the use of a District Court Judge, Court Reporter, Court Attendant, and 30 minutes additional work for the Clerk's office, the additional court costs would range from approximately \$800 to \$1,200 per case. The number of cases is unknown.
3. The Department of Workforce Development would be required to verify that an employee has worked at least 20 hours per week in the employees base period in order to receive unemployment compensation. The Department would require 12.0 FTE positions for Workforce Advisors to be able to track and verify this information. The total cost for the FTE positions including fringe benefits and support would be approximately \$645,000 annually. The Department would also need to upgrade or update software programs, forms, pre-programmed telephone functions, databases, and many aspects of Unemployment Compensation record keeping as a direct result of this provision of the Bill at a cost of approximately \$500,000.
4. The provision of the proposed legislation requiring certain criteria regarding an individual's ability and availability to work would require the Department of Workforce Development to make enhancements to the automated telephone system at a cost of \$300,000 and to the unemployment benefits system and software at a cost of \$500,000. According to the Department, these costs would be in addition to the cost mentioned in Assumption 3.
5. The provision of the Bill relating to traumatic and cumulative injuries and apportionment of worker's compensation would result in increased litigation to the Department of Workforce Development and would thus require the Department to increase staff. The Department would require two Deputy Worker's Compensation Commissioners at a cost of \$200,000 annually including fringe benefits, and one clerical staff position at a cost of \$50,000 annually including fringe benefits. Additional support costs of \$50,000 annually would be required for the new staff. The total cost to the Department would be \$300,000 annually.
6. The provision of Senate File 344 relating to occupational safety requires the Labor Commissioner to provide industry-specific training for staff. The Department would require an additional FTE position for an Executive Officer I at \$50,000 annually including fringe benefits to provide the training and one clerical staff position at a cost of \$30,000 annually including fringe benefits. An additional cost of \$20,000 would be incurred for support of the additional FTE positions. The Department would also incur costs associated with the training of \$97,000 annually. Fees are to be established to cover these costs. The total cost to the Department would be \$197,000 annually.
7. Any potential cost savings that may result from the proposed legislation have not been included in the Fiscal Impact. Due to insufficient information, the estimated cost savings under SF 344 cannot be determined.
8. A person who violates confidentiality requirements of an occupational safety audit is guilty of a simple misdemeanor under Chapter 22, Code of Iowa. There have been no convictions in recent years under this Chapter.

Correctional Impact

No significant correctional impact is expected as a result of Senate File 344.

Fiscal Impact

The Fiscal Impact of Senate File 344 cannot be determined due to insufficient information. However, the following estimated costs would be incurred under SF 344.

- The Department of Workforce Development would incur costs of approximately \$1.0 million annually for additional FTE positions, including fringe benefits and support costs. The Department would incur costs of \$97,000 associated with providing training for industry-specific safety audits. Fees for training are to be charged to cover this cost. The Department would incur one-time costs of approximately \$1.3 million related to software and technology upgrades as well as automated telephone system enhancements.
- There would be additional cost to the courts due to increased workloads. The additional cost would range from \$1,200 to \$2,000 per case not including additional jury time (\$260/day). The number of cases is unknown.

Sources

Department of Workforce Development

Judicial Branch

Department of Human Rights, Division of Criminal and Juvenile Justice Planning

/s/ Dennis C Prouty

April 1, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
